

MULTIMEDIA



UNIVERSITY

STUDENT ID NUMBER

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

UIB2612 - ISLAMIC BANKING & FINANCE LAW

(All Sections/ Groups)

04 JUNE 2018

Reading Time: 9.00 am – 9.15 am

(15 Minutes)

Answering Time: 9.15 am – 12.15 pm

(3 Hours)

INSTRUCTIONS TO STUDENT

1. Students will have **fifteen minutes** during which they may read the paper and make rough notes **ONLY** in their question paper. Students then have the remaining **THREE HOURS** in which to answer the questions.
2. This Question paper consists of 2 pages with 5 Questions only.
3. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
4. Students are allowed to bring into Examination Hall **CLEAN** and **ORIGINAL** copy of:
 - i. Islamic Financial Services Act 2013; and
 - ii. Central Banks of Malaysia Act 2009.

Students are not allowed to lend or borrow statute(s) during the Examination.

5. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Riba (interest or usury) is fundamentally prohibited both by the Qur'an and the Sunnah. On the concept of interest, there is no doubt or dispute among Muslims that it is absolutely prohibited. In a modern economy in which interest is a fundamental part, this can lead to a necessary change of objectives and perspectives when working within the framework of Islamic economics.

Analyse the prohibition of *Riba* and its existence in current economic transactions.

(Total: 25 marks)

QUESTION 2

Answer any one (1) of the questions.

- (a) In order to ensure uniformity and standardization in the decisions by the *Shariah* Advisory bodies of the various Islamic banks, there exists a *Shariah* Advisory Council ("SAC") which advises the Central Bank in Malaysia. SAC is the ultimate authority on Islam in Islamic banking and finance in Malaysia.

In light of relevant case law and legal provisions, discuss the roles and functions of SAC in Malaysia.

(25 Marks)

OR

- (b) Razak is a graduate from Multimedia University and during his first month of employment, he plans to purchase a double storey terrace house in Taman Bukit Beruang with the price of RM350,000-00. He went to several Islamic Banks and been offered different types of home financings; *Mudharabah* by Bank Hijrah Malaysia Berhad and *Musyarakah* by Bank Salam Malaysia Berhad.

Advise Razak on differences between these two concepts of Islamic home financing.

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QUESTION 3

Islamic Financial Institutions (IFIs) are operating in the same society where conventional banks are operating and perform all those functions which are expected from a financial institution. IFIs are assisting business world by providing all the services required to run economy smoothly, however the philosophy and operations are different.

Explain the differences between Islamic Banking and Conventional Banking.

(Total: 25 marks)

QUESTION 4

The development of the *Takaful* Industry in Malaysia in the early 1980s was inspired by the prevailing needs of the Muslim public for a *Shariah*-compliant alternative to conventional insurance, as well as to complement the operation of the Islamic bank that was established in 1983.

(a) Analyse the following concepts of *Takaful*:

- i) *Takaful*
- ii) *Tabarru'*;
- iii) *Taawwun*;
- iv) *Aqilah*;
- v) *Mudharabah*

(10 marks)

(b) Advise the differences between *Takaful* and Conventional Insurance.

(15 marks)

(Total: 25 marks)

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